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SUBJECT: FULL SUPPORT FOR CONVENTION CENTER PROJECT

Summary

¶1. (SBU) The Omani government has given its full support to constructing a new convention center which, according to the Ministers of Commerce & Industry and Tourism, will enhance the attractiveness of the Sultanate as a tourism destination. Consultants from Booz Allen Hamilton (BAH), under contract to the USG through the Middle East Partnership Initiative (MEPI), are conducting a study to assist the government in analyzing: how the center will compete against or complement comparable facilities in the region, what type of hotel infrastructure would be required to support convention traffic, and what mechanisms Oman would need to market its facility in an increasingly crowded field. End Summary.

Filling the Gap

¶2. (SBU) On April 23, Econoff and Booz Allen Hamilton consultants Gary Grimmer and Maury Wray Bridges discussed the Omani government's plans to construct a new convention center with Rajha bint Abdulameer bin Ali, Minister of Tourism. The Minister stated that the government's decision to move forward on constructing a convention center would address a gap in its efforts to develop Oman's tourism industry. It would also serve as a "state of the art showpiece" for Oman, opined the Minister. She noted that the government has already received a number of inquiries to hold conferences in Muscat, but that with inadequate facilities, these requests had to be turned down.

¶3. (SBU) Rajha expressed optimism that Muscat could support a 6,000 seat facility, which would be adequate to hold events such as World Bank conferences. She found that Oman, with its ability to offer tourists a number of eco- and adventure-related travel opportunities in the interior, would be ideal for the European conventioner. When Grimmer highlighted the fact that 94% of convention groups are smaller than 2,000 participants, Rajha replied that the instructions from the Ministry of Finance were to construct a facility sufficiently large enough to ensure that expansion would not be needed in the future. She noted that the government was well-aware that the facility might be used only once or twice a year for a large event, but that "flexibility was the key."

"A Good Thing for Oman"

¶4. (SBU) In a follow-on meeting, Maqbool bin Ali Sultan, Minister of Commerce and Industry, echoed the tourism minister's comments that the convention center would be a "good thing" for Oman's economic development. He noted that his discussions with conference organizers from the WTO, UNCTAD and the G-77 revealed that Oman would be a popular destination for their events. In developing plans for the center's construction, the Minister remarked that the government had weighed several options, including the expansion of the existing exhibition center (built in the mid-1980s), and the construction of a facility adjacent to a large resort. In the end, the government decided to go with a stand-alone facility to anchor a new commercial development complex in an area close to the airport, and in close proximity to a proposed golf course development project.

¶5. (SBU) When asked about the center's capacity, Maqbool affirmed the 6,000 figure provided by the tourism minister, adding that the government had settled on this number after examining the facilities of potential competitors, including Doha, Dubai, and Singapore. "It's better to have too many seats rather than too few," stated the Minister. Maqbool, who conservatively estimated that the center would be used once or twice per year over the first seven to ten years, commented that flexibility in the design of the venue would aid in its success. "I don't think it would make money over the early years," he surmised, "but it will eventually become self-sufficient."

Comment

¶6. (SBU) Oman's firm intent to construct a convention center is further evidenced by the release of tender documents on the facility's architectural design. However, it appears that the government may not yet have conducted a comprehensive study to determine the implications of the proposed center, and thus is eager to review BAH's findings. Furthermore, the BAH study will provide recommendations to the government on what type of hotel infrastructure will be needed to support the center, as well as suggestions on how the government should market the complex to entice convention organizers -- who are now determining venues for 2010 (the expected year of completion for the facility) -- to hold events in Muscat. End comment.
GRAPPO